and taxes, as they are collected. Works of large outlay can be, undertaken only from borrowed funds. Based on this system it is proposed to give a loan to the Mattancheri municipality and a provision of Rs. 1·96 lakhs has been made under 'Investment' in the coming year, for works in connection with water supply to the town by extending the water main at Ernakulam to Mattancheri. Ernakulam and Trichur municipalities have been asked to submit proposals in consultation with the Chief Engineer as to the details of works in their respective towns calculated to improve them and to provide necessary amenities to the towns. On receipt of their reports the question of giving loans to these Municipalities will also be considered, a provsion of Rs. 20,000 having been made in advance for a loan to the Trichur Municipality for the construction of a market in modern design. All these municipalities have also been asked to point out source to meet the interest and debt charges in due course.

LOAN.

12. The floatation of a new loan for Rs. 30·00 lakhs—its necessity and other details having already been touched upon by the Diwan in his speech; I do not reiterate the same here.

FINANCIAL POSITION AT THE END OF 1112.

13. Before I close my observation on the budget of the State, I would like to state for your information that our financial position at the end of the budget year will stand as follows:—

Capital Outlay (excluding Meter-gauge asset)	Rs.	156·41	lakhs.
Net Revenue surplus including cash balance	Rs.	51·84	„
Total asset	Rs.	208·25	„
Debt liability	Rs.	105·00	„
Net asset	Rs.	103·25	„

CRANGANUR.

14. Passing on, I come to the last item of my business to-day—I mean the Cranganur budget. A satisfactory solution of the finances of Cranganur has been baffling the best efforts of the Government for years past. It is always desired to be

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treated as financially autonomous and with its slender resources it cannot meet its obligations. As the House is aware, the Principality consists of only 5 villages with an average income of about Rs. 1·85 lakhs a year and even though thus small in extent, it has to meet the cost of all the items of a progressive Government—a full-fledged high school, a girls' school, courts of justice, a registry office, a hospital, etc., not to speak of the heavy contribution to the maintenance of the Palace. Under other circumstances, it would have been enough if it was merged in any of the taluks of the State which would have avoided unnecessary duplication of many items of expenditure in Cranganur that its present position as a financially autonomous entity demands. Taking things as they are, Government find themselves unable to solve this question. For the past few years they have been posting only junior officers to Cranganur so that the Principality may bear only the minimum cost; every possible adjustment has been made towards Cranganur revenues from the State incomes from salt, matches, canal collections, etc. Officers are, as far as possible, reverted from Cranganur at the time of retirement so that the Cranganur finances may not have to bear the burden of pension; but all these measures are found to be of no avail to stem the tide of recurring deficits which faces us in Cranganur. In the coming year, we have gone a step further; a contribution of Rs. 9,500 is proposed to be made to Cranganur towards establishment charges and even then a deficit is expected which cannot be helped.

The budget estimate of the current year was framed on a total revenue of Rs. 1·87 lakhs and an expenditure of Rs. 2·05 lakhs leaving a deficit of Rs. 18,000. According to revised estimates, though the expenditure has risen to Rs. 2·60 lakhs the revenue has remained at Rs. 1·86 lakhs and the year is thus expected to close with a large deficit of Rs. 74,000 (in round figures). This large deficit is mainly due to the enhanced contribution to the Palace for the adjustment of the several advances that had been made to the Palace from Cranganur general revenues to meet the deficit in previous years which had come to Rs. 43,400 and which, it is proposed, to write off.

For 1112, we estimate for a revenue of Rs. 1·98 lakhs including the special contribution of Rs. 9·500 for establishment charges and an expenditure of Rs. 2·25 lakhs is programmed for, thus leaving a deficit of Rs. ·27 lakh. Here also 'Education' is responsible for a disproportionate percentage of expenditure coming to 29 per cent; 'Palace' requires about 25 per cent of

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the revenues and 'Public Works' more than 20 per cent—these three alone involving a total of about 75 per cent of the revenues of Cranganur. Only the absolute requirements have, however, been provided for under all heads.

It has to be acknowledged that such heavy deficits cannot continue for long since the net surplus to the credit of the Principality has dwindled to about Rs. 62,800. Government hope to find a happy solution of this thorny problem ere long.

15. Conclusion.—Sir, I have tried to show, in however feeble a manner it may be, how the budget before you is a reflection of the progressive ideals which the Government have set before themselves to follow in advancing the material welfare and progress of the people. While presenting the Budget for 1110 I had, in view of the economic strain facing us then, asked the House to 'Wait and see'. We have waited and may now be able see in what all directions the State is progressing, however slow the progress may be; but it may be remembered that 'Rome was not built in a day'. We have attempted at village uplift, grant of financial relief to indebted agriculturists, the further spread of literary and industrial education, extension of medical and health services, the development of communications and irrigation, the introduction of electrification in important towns to provide social amenities, introduction of new industries, the construction of new canals for purposes of transport and irrigation, etc., not to speak of the opening of the Harbour and the conversion of the Broad Gauge Railway. These are sure to improve the economic condition of the State, and if I may cast a look into the dim vista of the future I can visualise our small State as one of the busiest centres of commerce and industry, occupying a most enviable position as the 'Queen of South India.'

The Cochin Income-tax Regulation Amendment Bill.

Mr. Thomas Manjuran—Sir, I rise to move that the Cochin Income-tax Regulation Amendment Bill be read in Council. In doing so, I do not propose to make any elaborate statement about the reason for or justification of the Bill because the matter was gone into in fair detail this morning in the President's opening speech. As stated by the Hon'ble President, a perusal of the Bill will show that while the rates proposed to be introduced constitute a fair advance over existing rates with regard to incomes over Rs. 15,000/-, these new rates compare very favourably, from the view point of the tax-payer, with the

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